



The Daily

Statistics Canada

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Releases

Consumer Price Index, May 2006

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Consumer prices advanced 2.8% on average between May 2005 and May 2006, a substantial gain from the 2.4% change of April. The Consumer Price Index, excluding the eight volatile components identified by the Bank of Canada for monetary policy, recorded its strongest 12-month increase since December 2003, jumping from 1.6% in April to 2.0% in May this year.

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Perspectives on Labour and Income

Summer 2006

The Summer 2006 edition of *Perspectives on Labour and Income* contains six articles, all of which have appeared previously in its online edition.

The article "Does it pay to go back to school?" reveals that the benefits of adult education in terms of increased earnings are substantial, but only for those who get a postsecondary certificate.

The article "Who gets student loans?" looks at how well the Canada Student Loans Program (CSLP) is targeted to low-income youth and to what extent the amount of the loan reflects the level of financial need. The article finds that CSLP loans are well targeted by level of parental income.

The article "Cracking the RRSP nest egg" examines the income and tax effects of mandatory conversion of registered retirement savings plans across different groups.

The article "On sick leave" looks at the population of employees who take long-term absences (two weeks or longer) due to personal or work-related illness or disability, examining their situation before and after the absence.

The article "Screening job applicants" explores the prevalence and trends in the use of security checks, medical examinations, and drug tests in the hiring process, looking at variations by industry, occupation, workplace size, and selected worker characteristics.

The article "Unemployment since 1971" compares unemployment rates by educational attainment from 1971 to 2005 and reveals that the chances of being unemployed are worse today than they were 30 years ago, especially for those with a low level of education.

This edition also features updates on work absences and retirement. The *What's New?* section highlights recent studies of interest from Statistics Canada and other organizations.

The Summer 2006 issue of *Perspectives on Labour and Income*, Vol. 18, no. 2 (75-001-XPE, \$20/\$63) is now available. See *How to order products*. For more information, contact Henry Pold (613-951-4608; henry.pold@statcan.ca), Labour and Household Surveys Analysis Division.



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The Daily, June 20, 2006

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Releases

Consumer Price Index

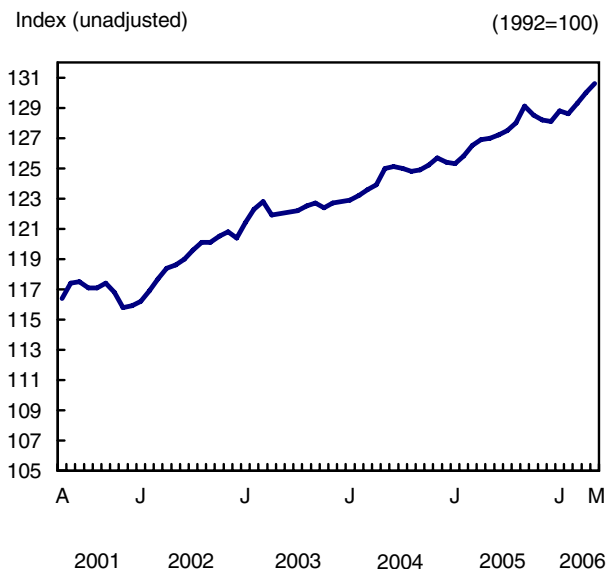
May 2006

Consumer prices advanced 2.8% on average between May 2005 and May 2006, a substantial gain from the 2.4% change of April. The Consumer Price Index (CPI), excluding the eight volatile components identified by the Bank of Canada for monetary policy, recorded its strongest 12-month increase since December 2003, jumping from 1.6% in April to 2.0% in May this year.

mainly the result of an 11.0% increase in Ontario following a rate hike approved by the Ontario Energy Board that took effect in May.

The All-items CPI excluding the eight volatile components identified by the Bank of Canada increased 0.5% between April and May, following a 0.1% decline the previous month. Excluding energy prices, the CPI followed the same trend, increasing 0.5% in May 2006.

The Consumer Price Index



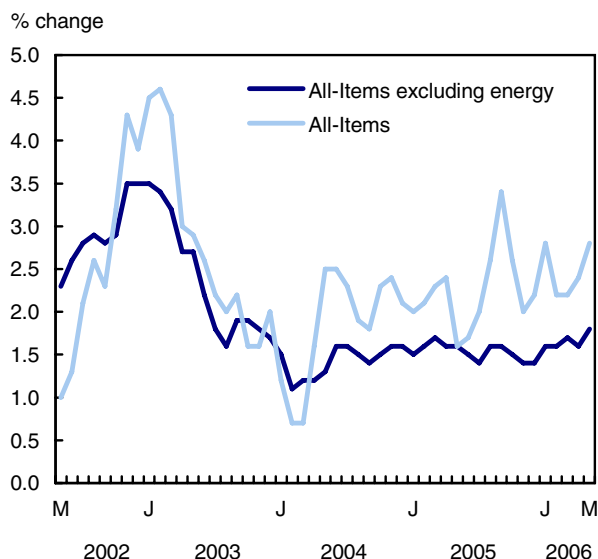
The 12-month change in the CPI has been 2.0% or more for the last 11 months, peaking at 3.4% last September.

Gasoline prices were again the main factor behind the 12-month increase in the CPI in May. Pump prices were 18.6% higher than they were in May 2005, as the cost of crude oil continued to soar. Excluding energy prices, the 12-month change in the CPI was 1.8% in May, compared with 1.6% in April.

However, on a monthly basis, consumer prices increased 0.5% on average in May, the same pace as the month-over-month gains recorded in April and March, thanks to higher prices for traveller accommodation and electricity.

Traveller accommodation prices were up 17.3% from April as many hotel operators applied their summer rates. At the same time, electricity prices jumped 3.9%,

Percentage change from the same month of the previous year



Higher gasoline prices push up the 12-month CPI

In May, the CPI posted a 2.8% increase compared to May 2005. The higher price of gasoline paid by consumers at the pump was the main source of this rise, followed by homeowners' replacement cost and electricity prices. However, these increases were offset by lower prices for computer equipment and supplies, and video equipment.

The 12-month change in the gasoline price index continued its upward trend, rising from 15.8% to 18.6%. The main reason is that gasoline prices declined sharply (-3.1%) in May 2005, while they fell very little (-0.8%) this year. Price increases of more than 17% were recorded in all provinces, with the most significant rise occurring in Alberta (+22.9%). The higher price of crude oil on international markets over the past year explains this widespread increase in gasoline prices across Canada.

Homeowners' replacement cost, which represents the worn out structural portion of housing and is estimated using new housing prices (excluding land), grew 7.2% between May 2005 and May 2006. All provinces showed increases, with Alberta posting the highest progression (+29.8%), four times greater than the increase for Canada as a whole. The rise in housing starts in that province exerted upward pressure on material and labour costs.

Electricity prices climbed 6.2% between May 2005 and May 2006. Ontario posted the strongest price rise (+10.3%), largely because of the rate increases approved recently by the Ontario Energy Board that took effect in May. These increases, added to the 4.3% rise recorded last April in Quebec, pushed up the national electricity index in the last year. Deregulation in the energy production sector in recent years has resulted in greater price volatility.

Dampening these upward trends, prices for computer equipment and supplies fell 14.1%. Prices for video equipment, which were down 11.8%, also had a moderating effect. The decreases in prices were the combined effect of a number of factors, including a higher Canadian dollar, which made it possible to purchase imported products at a lower cost. Technological progress has also led to a reduction in manufacturing costs for these categories of products.

Impact of decline in Goods and Services Tax

The Government of Canada recently announced that the rate in effect for the Goods and Services Tax (GST) will be reduced from 7% to 6% as of July 1, 2006.

Since the price changes measured by the CPI take into account the value of the consumption taxes paid by Canadians, this 1% decrease will have an impact on the CPI.

A rough estimation of the impact of this reduction on the level of the CPI suggests a decrease in the order of 0.6%. This estimation is based on the assumption that the entire amount of the decrease will be transferred to consumers and that the industrial structure that underlies the way that prices are determined will remain the same.

Since some products, such as many foods sold in supermarkets, are exempt from GST, the resulting decrease will necessarily be less than 1%.

Summer rates for travellers push up the monthly CPI

Between April and May 2006, the All-items index increased 0.5%. Upward pressure on the CPI came

mainly from higher prices for traveller accommodation and electricity. However, this overall upward trend was partly mitigated by lower prices for gasoline, automotive vehicles and natural gas.

Prices for traveller accommodation were up 17.3%, as many hotel operators started to charge their summer rates. This seasonal pattern is usual, since each year this sector of the CPI posts increases in May. However, the fluctuation is greater this year, many Canadian cities having posted very high occupancy rates, leading to price jumps.

Electricity prices climbed 3.9% between April and May 2006. The rise came mainly from the 11.0% increase recorded in Ontario as a result of the rate hike approved by the Ontario Energy Board that took effect in May.

Exerting downward pressure, gasoline prices slid 0.8% between April and May 2006. Prices at the pump nonetheless fluctuated differently across Canada. While Ontario (-3.3%) and Quebec (-2.7%) posted decreases, British Columbia (+5.2%) and Alberta (+2.8%) were the largest contributors to the upward pressure.

Prices for the purchase and leasing of automotive vehicles fell by 0.5% in May, adding to the downward pressure on the CPI. Financial incentives offered by some automobile manufacturers pushed this index down.

Natural gas prices fell 0.8%, as a 3.8% decline in Alberta offset a 2.4% gain in Quebec.

The seasonally adjusted CPI increases between April and May

After being adjusted for seasonal variations, the CPI advanced 0.2% between April and May 2006. Upward pressure came mainly from the shelter component (+0.7%), as a result of electricity rate hikes in Ontario, but also from the recreation, education and reading component (+0.5%), due to price increases observed in traveller accommodation.

The seasonally adjusted index was pushed down mainly by the indexes for alcoholic beverages and tobacco products (-0.4%) and for transportation (-0.1%).

The seasonally adjusted CPI excluding the eight volatile components identified by the Bank of Canada increased 0.4% between April and May 2006, the biggest increase of this index since May 2003. Electricity prices had then greatly fluctuated, as a result of a return provided to Ontario residents by the provincial government.

All-items index excluding the eight volatile components

One of the elements used by the Bank of Canada to measure core inflation for the purposes of monetary policy is the CPI without the eight volatile components identified by the Bank. The 12-month increase in this index was 2.0% in May 2006. The major factors that contributed to this rise were homeowners' replacement cost (+7.2%), the purchase and leasing of automotive vehicles (+2.2%), electricity prices (+6.2%), and restaurant meals (+3.0%). The increase was offset by lower prices for computer equipment and supplies (-14.1%), video equipment (-11.8%), and men's clothing (-2.1%).

Between April and May 2006, the All-items index excluding the eight volatile components identified by the Bank of Canada was up 0.5%. This rise followed a 0.1% decrease observed the previous month, and represented the strongest increase in this index since November 2004. The main factors exerting upward pressure were traveller accommodation (+17.3%), electricity (+3.9%) and homeowners' replacement cost (+1.0%). Factors that pushed down the index were the purchase and leasing of automotive vehicles (-0.5%), bread (-1.1%) and pork (-2.3%).

Energy

After advancing 7.4% in March and 11.2% in April, the energy index continued its climb between May 2005 and May 2006 with a 14.1% increase.

Although all components contributed to the rise in the energy index, the gasoline index (+18.6%) was the main factor, followed by electricity (+6.2%), natural gas

(+15.6%), fuel oil (+13.5%), and fuel, parts and supplies for recreational vehicles (+11.7%).

On a monthly basis, the energy index was up 0.6% between April and May 2006, primarily because of higher electricity prices (+3.9%), which offset the decrease in gasoline prices (-0.8%). The fuel oil index (+1.9%) pushed up the energy index, but the indexes for natural gas (-0.8%), and fuel, parts and supplies for recreational vehicles (-0.2%) brought it down.

Available on CANSIM: tables 326-0001, 326-0002, 326-0009, 326-0012 and 326-0016 to 326-0018.

Definitions, data sources and methods: survey number 2301.

More information about the concepts and use of the CPI are also available online in *Your Guide to the Consumer Price Index* (62-557-XIB, free). To obtain a copy, go to the *Our products and services* page online.

Available at 7 a.m. online under *Today's news releases from The Daily*, then *Latest Consumer Price Index*.

The May 2006 issue of the *Consumer Price Index*, Vol. 85, no. 5 (62-001-XIB, free) is now available. To obtain a copy, go to the *Our products and services* page online. A paper copy is also available (62-001-XPB, \$12/\$111). See *How to order products*.

The June Consumer Price Index will be released on July 21.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-866-230-2248; 613-951-9606; fax 613-951-1539; prices-prix@statcan.ca), Prices Division. □

Consumer Price Index and major components (1992=100)

	Relative importance ¹	May 2006	April 2006	May 2005	April to May 2006	May 2005 to May 2006
Unadjusted						
					% change	
All-items	100.00²	130.6	130.0	127.0	0.5	2.8
Food	16.89	130.7	130.0	128.5	0.5	1.7
Shelter	26.75	128.6	127.7	123.6	0.7	4.0
Household operations and furnishings	10.58	116.5	116.4	115.6	0.1	0.8
Clothing and footwear	5.37	101.1	100.8	102.3	0.3	-1.2
Transportation	19.79	158.4	158.5	149.0	-0.1	6.3
Health and personal care	4.52	122.6	122.3	120.7	0.2	1.6
Recreation, education and reading	11.96	128.3	126.6	127.5	1.3	0.6
Alcoholic beverages and tobacco products	4.13	150.5	150.7	147.6	-0.1	2.0
All-items (1986=100)		167.3				
Purchasing power of the consumer dollar expressed in cents, compared to 1992		76.6	76.9	78.7		
Special aggregates						
Goods	48.84	125.5	125.1	121.9	0.3	3.0
Services	51.16	136.3	135.5	132.6	0.6	2.8
All-items excluding food and energy	74.27	125.7	125.2	123.5	0.4	1.8
Energy	8.84	181.2	180.1	158.8	0.6	14.1
All-items excluding the eight most volatile components ³	82.75	129.1	128.4	126.6	0.5	2.0

1. 2001 CPI basket weights at June 2004 prices, Canada, effective July 2004. Detailed weights are available under the Documentation section of survey 2301 (<http://www.statcan.ca/english/sdds/index.htm>).

2. Figures may not add to 100% due to rounding.

3. Excluded from the All-items CPI are the following eight volatile components, as defined by the Bank of Canada: fruit, fruit preparations and nuts; vegetables and vegetable preparations; mortgage interest cost; natural gas; fuel oil and other fuel; gasoline; inter-city transportation; and tobacco products and smokers' supplies. The Bank of Canada further adjusts this series to obtain their measure of core inflation, which also excludes the effect of changes in indirect taxes. For data and information on core inflation, please consult the Bank of Canada website (www.bankofcanada.ca/en/inflation/index.htm).

Consumer Price Index by province, and for Whitehorse, Yellowknife and Iqaluit¹ (1992=100)

	May 2006	April 2006	May 2005	April to May 2006	May 2005 to May 2006
Unadjusted					
				% change	
Newfoundland and Labrador	129.7	128.5	126.0	0.9	2.9
Prince Edward Island	132.7	131.9	128.4	0.6	3.3
Nova Scotia	133.2	132.9	129.1	0.2	3.2
New Brunswick	130.6	130.5	126.9	0.1	2.9
Quebec	126.3	126.0	123.1	0.2	2.6
Ontario	131.6	131.0	128.0	0.5	2.8
Manitoba	134.3	133.6	131.1	0.5	2.4
Saskatchewan	135.6	135.1	131.8	0.4	2.9
Alberta	139.4	138.3	133.4	0.8	4.5
British Columbia	128.1	127.1	125.2	0.8	2.3
Whitehorse	126.5	125.8	123.4	0.6	2.5
Yellowknife ²	125.6	125.5	123.4	0.1	1.8
Iqaluit (Dec. 2002=100)	104.8	104.5	102.8	0.3	1.9

1. View the geographical details for the city of Whitehorse, the city of Yellowknife and the town of Iqaluit.

2. Part of the increase first recorded in the shelter index for Yellowknife for December 2004 inadvertently reflected rent increases that actually occurred earlier. As a result, the change in the shelter index was overstated in December 2004, and was understated in the previous two years. The shelter index series for Yellowknife has been corrected from December 2002. In addition, the Yellowknife All-items CPI and some Yellowknife special aggregate index series have also changed. Data for Canada and all other provinces and territories were not affected.

Employer pension plans (trusteed pension funds)

Fourth quarter 2005

The value of retirement savings held in trusteed pension funds approached \$800 billion in the final months of 2005.

Funds have increased in value for six straight quarters since the low of \$652.2 billion observed in the second quarter of 2004. They accumulated \$799.1 billion in the fourth quarter of 2005, a 2.9% rise over the previous three months. Since 1995, fund assets have more than doubled in value, while in the last five years, they have grown more than 30%.

Fourth quarter 2005 fund revenues and expenditures amounted to \$28.8 billion and \$9.6 billion respectively, for a net cash flow of \$19.2 billion, up 9.3% from the previous quarter.

Year over year, 2005 revenues declined for the first time since 2001. Revenues of \$94.2 billion were down 4.6%, following record high revenues of \$98.8 billion in 2004. Expenditures for 2005 declined 31.1 % due to higher than normal expenditures in 2004 that resulted from an employer cash withdrawal and transfer from an existing plan to a much smaller plan. With reduced expenditures, the cash flow for 2005 amounted to \$57.5 billion, a 26.6% increase over 2004.

Because of year-end industry accounting practices, contributions typically peak in the fourth quarter of each year. These were \$8.9 billion in 2005, down slightly from a high of \$9.0 billion in the fourth quarter of 2004. Employer contributions of \$6.2 billion in the fourth quarter of 2005 were also slightly down from the \$6.7 billion made by employers in the fourth quarter of 2004. For the year, however, total contributions including those of both employers and employees amounted to \$30.3 billion, up 1.7% from the \$29.8 billion contributed in 2004.

Employer contributions have increased significantly in the last five years, doubling from \$10.4 billion in 2001 to \$20.7 billion in 2005. For the third straight year, annual contributions have exceeded benefits paid out.

The return on investment for 2005 was 9.0%, the same as it was in 2004 and double the returns of 4% to 5% achieved in 2001 and 2002.

In 2005, of the 5.7 million Canadian workers belonging to employer pension plans, about 4.6 million were members of trusteed plans. The remaining one million workers with employer pension plans were covered by the consolidated revenue funds of the

federal and provincial governments, or by insurance company contracts or Government of Canada annuities.

Available on CANSIM: tables 280-0002 to 280-0004.

Definitions, data sources and methods: survey number 2607.

For more information about the current survey results and related products and services, or to inquire about the concepts, methods, or data quality of this release, contact Client Services (613 951-7355 or 1 888 297-7355; fax: 613 951-3012; income@statcan.ca), Income Statistics Division. ■

Aircraft movement statistics

May 2006 (preliminary)

For the fifth consecutive month, aircraft take-offs and landings increased in May 2006. However, the level recorded in May was still 2.8% lower than a year earlier. The 42 Canadian airports with NAV CANADA air traffic control towers reported 396,572 aircraft take-offs and landings in May, up from 379,568 movements in April 2006, but down compared with May 2005 (407,889 movements). Year-over-year decreases in aircraft movements were reported by 22 of the airports in May 2006. The variations ranged from a rise of 65.3% at Winnipeg/St. Andrews to a drop of 44.2% at Windsor.

Itinerant movements (flights from one airport to another) decreased by 1.1% (-3,187 movements) in May 2006 compared with the same month a year earlier. Local movements (flights that remain in the vicinity of the airport) decreased by 6.5% (-8,130 movements) in May 2006 compared with May 2005.

The May 2006 issue of *Aircraft Movement Statistics*, Vol. 5, no. 5 (51F0001PIE, TP1496, free) is now available. To obtain a copy, go to the *Our products and services* page online.

Preliminary statistics for the 56 Canadian airports with NAV CANADA flight service stations are also available for May.

Available on CANSIM: table 401-0005.

Definitions, data sources and methods: survey number 2715.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; aviationstatistics@statcan.ca), Transportation Division. ■

Large urban transit

April 2006 (preliminary)

Combined ridership on 10 large urban transit systems in Canada was 3.5 % higher in April 2006 than it was for the same month in 2005.

Approximately 108.5 million passenger trips were taken on these transit systems in April. These systems account for about 80% of total urban transit in Canada.

The trips generated \$172 million in revenue in April 2006 (excluding subsidies), a 0.3% increase over April 2005.

Available on CANSIM: table 408-0004.

Definitions, data sources and methods: survey number 2745.

For more information, or to enquire about the concepts, methods or data quality of this release,

contact the Dissemination Unit (1-866-500-8400; fax: 1-613-951-0009; transportationstatistics@statcan.ca), Transportation Division. ■

Crude oil and natural gas production

April 2006 (preliminary)

Provincial crude oil and marketable natural gas production data are now available for April.

Definitions, data sources and methods: survey number 2198.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Marketing and Dissemination Section (613-951-9497; 1-866-873-8789; energ@statcan.ca), Manufacturing, Construction and Energy Division. ■

New products

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Catalogue number 21-015-XIE
(free).

Aircraft Movement Statistics, May 2006, Vol. 5, no. 5
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The Consumer Price Index, May 2006, Vol. 85, no. 5
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The Consumer Price Index, May 2006, Vol. 85, no. 5
Catalogue number 62-001-XPB (\$12/\$111).

Wholesale Trade, April 2006, Vol. 69, no. 4
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Canada's International Transactions in Securities, April 2006, Vol. 72, no. 4
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
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• Productivity, hourly compensation and unit labour cost, 1995 Growth in productivity among Canadian businesses was modestly weak again in 1995 accompanied by sluggish gains in employment and slow economic growth during the year.	4
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